



Plus⁺500

World's Trading Machine

30 JUNE 2017 - INTERIM FINANCIAL STATEMENT

Plus500 LTD.

INTERIM FINANCIAL INFORMATION

(Unaudited)

30 JUNE 2017

Plus500 LTD.
INTERIM FINANCIAL INFORMATION
(Unaudited)
30 JUNE 2017

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The amounts are presented in U.S. dollars (\$) in thousands.



Review Report of Interim Financial Information

Introduction

We have reviewed the accompanying financial information of Plus500 Ltd. and its subsidiaries (hereafter - the group), which includes the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended. The Board of Directors and management are responsible for preparation and presentation of the financial information for this reporting period in accordance with IAS 34 – "Interim Financial Reporting"; our responsibility is to express a conclusion of the financial data for this interim period based on our review.

Scope of review

Our review was performed in accordance with Standard No. 1 on Review Engagements of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Tel Aviv, Israel
August 4, 2017

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 JUNE 2017

	As of 30 June		As of 31 December
	2017	2016	2016
	(Unaudited)		(Audited)
U.S. dollars in thousands			
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	220,611	96,137	136,481
Short-term bank deposit	40	39	37
Restricted deposit	419	356	356
Accounts receivable	14,801	17,610	9,690
Income tax receivable	10,023	-	4,147
	245,894	114,142	150,711
NON-CURRENT ASSETS:			
Long term restricted deposit	160	25	102
Property, plant and equipment, net	3,506	2,985	3,429
Intangible assets, net	93	102	113
Deferred income taxes	655	329	353
	4,414	3,441	3,997
T o t a l a s s e t s	250,308	117,583	154,708
Liabilities and equity			
CURRENT LIABILITIES:			
Trade payables – due to clients	1,182	543	1,588
Other accounts payable and accruals:			
Service suppliers	14,548	19,765	5,827
Other	5,251	3,722	7,083
Income tax payable	3,126	2,387	1,912
Share-based compensation	2,054	610	2,298
Dividend	75,000	-	-
	101,161	27,027	18,708
NON- CURRENT LIABILITIES:			
Share-based compensation	638	598	-
EQUITY:			
Ordinary shares	317	317	317
Share premium	22,220	22,220	22,220
Cost of Company's shares held by the Company	(3,200)	-	-
Retained earnings	129,172	67,421	113,463
T o t a l e q u i t y	148,509	89,958	136,000
T o t a l l i a b i l i t i e s a n d e q u i t y	250,308	117,583	154,708

Asaf Elimelech
Chief Executive Officer

Elad Even-Chen
Group Chief Financial Officer

Penelope Judd
Non-Executive Director and Chairman

Date of approval of the interim financial information by the Company's Board of Directors: 4 August 2017

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	<u>Six months ended 30 June</u>		<u>Year ended</u>
	<u>2017</u>	<u>2016</u>	<u>31 December</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>U.S. dollars in thousands</u>		
TRADING INCOME	188,417	158,772	327,927
SELLING, GENERAL AND			
ADMINISTRATIVE EXPENSES:			
Selling and marketing	61,227	91,488	157,277
Administrative and general	8,997	8,355	20,132
INCOME FROM OPERATIONS	118,193	58,929	150,518
Financial income	3,264	815	3,624
Financial expenses	5,128	1,235	2,160
FINANCIAL INCOME (EXPENSE), net	(1,864)	(420)	1,464
INCOME BEFORE TAX ON INCOME	116,329	58,509	151,982
TAXES ON INCOME	25,620	14,009	34,740
PROFIT AND COMPREHENSIVE INCOME FOR			
THE PERIOD	<u>90,709</u>	<u>44,500</u>	<u>117,242</u>
	<u>In U.S. dollars</u>		
EARNINGS PER SHARE (basic and diluted)	<u>0.79</u>	<u>0.39</u>	<u>1.02</u>

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	Ordinary shares	Share premium	Cost of Company's shares held by the Company	Retained earnings	Total
	U.S. dollars in thousands				
BALANCE AT 1 JANUARY 2017 (audited)	317	22,220	-	113,463	136,000
CHANGES DURING THE SIX MONTHS ENDED 30 JUNE 2017 (unaudited):					
Profit and comprehensive income for the period				90,709	90,709
TRANSACTION WITH SHAREHOLDERS:					
Dividend				(75,000)	(75,000)
Acquisition of the Company's shares by the Company			(3,200)		(3,200)
BALANCE AT 30 JUNE 2017 (unaudited)	317	22,220	(3,200)	129,172	148,509
BALANCE AT 1 JANUARY 2016 (audited)	317	22,220	-	95,117	117,654
CHANGES DURING THE SIX MONTHS ENDED 30 JUNE 2016 (unaudited):					
Profit and comprehensive income for the period				44,500	44,500
TRANSACTION WITH SHAREHOLDERS -					
Dividend				(72,196)	(72,196)
BALANCE AT 30 JUNE 2016 (unaudited)	317	22,220	-	67,421	89,958
BALANCE AT 1 JANUARY 2016 (audited)	317	22,220	-	95,117	117,654
CHANGES DURING THE YEAR ENDED 31 DECEMBER 2016 (audited):					
Profit and comprehensive income for the year				117,242	117,242
TRANSACTION WITH SHAREHOLDERS -					
Dividend				(98,896)	(98,896)
BALANCE AT 31 DECEMBER 2016 (audited)	317	22,220	-	113,463	136,000

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	Six months ended		Year ended
	30 June		31 December
	2017	2016	2016
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations (see Appendix A)	115,519	56,212	153,294
Income tax paid, net	(30,474)	(19,502)	(44,548)
Interest received (paid), net	(490)	86	161
Net cash flows provided by operating activities	<u>84,555</u>	<u>36,796</u>	<u>108,907</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of deposits	(52)	-	-
Increase in restricted deposits	(25)	(176)	(253)
Purchase of property, plant and equipment	(399)	(1,190)	(1,905)
Purchase of intangible assets	-	(22)	(47)
Net cash flows used in investing activities	<u>(476)</u>	<u>(1,388)</u>	<u>(2,205)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:			
Dividend paid to equity holders of the Company (see note 4)	-	(96,564)	(123,264)
Acquisition of the Company's shares by the Company (see note 5)	(3,200)	-	-
Net cash flows used in financing activities	<u>(3,200)</u>	<u>(96,564)</u>	<u>(123,264)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	80,879	(61,156)	(16,562)
Balance of cash and cash equivalents at beginning of period	136,481	156,497	156,497
Gains (losses) from exchange differences on cash and cash equivalents	3,251	796	(3,454)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>220,611</u></u>	<u><u>96,137</u></u>	<u><u>136,481</u></u>

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

APPENDIX A:

	Six months ended 30 June		Year ended 31 December
	2017	2016	2016
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Cash generated from operations -			
Net income for the period	90,709	44,500	117,242
Adjustments required to reflect the cash flows from operating activities:			
Depreciation and amortization	342	194	479
Taxes on income	25,620	14,009	34,740
Interest and foreign exchange losses (gains) on operating activities	(2,918)	(911)	2,942
	<u>23,044</u>	<u>13,292</u>	<u>38,161</u>
Operating changes in working capital:			
Decrease (increase) in accounts receivable	(5,111)	(7,842)	71
Increase (decrease) in trade payables due to clients	(406)	(976)	69
Increase (decrease) in other accounts payable:			
Service suppliers	8,721	6,374	(7,564)
Other	(1,832)	242	3,603
Liability for share-based compensation	1,294	1,377	2,544
Settlement of share-based compensation	(900)	(755)	(832)
	<u>1,766</u>	<u>(1,580)</u>	<u>(2,109)</u>
Cash flows from operating activities	<u>115,519</u>	<u>56,212</u>	<u>153,294</u>

APPENDIX B: non-cash transactions

On 23 November 2015 the Company declared an interim dividend in an amount of \$24.368 million (\$0.2121 per share). The dividend was paid to the shareholders on 29 February 2016.

On 5 February 2017, the Company declared a dividend in an amount of \$75 million (\$0.6528 per share). The dividend was paid to the shareholders on 3 July 2017.

The attached notes are an integral part of this condensed consolidated interim financial information.

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Information on activities of Plus500 Ltd and its subsidiaries (hereafter- the Group)

Plus500 Ltd. (hereafter – the Company) was established in 2008 in Israel as a private limited company with the name Investsoft Ltd. On 18 June 2012, the Company changed its name to Plus500 Ltd. The Company has developed a trading platform for private clients, enabling trading on contracts for differences (hereafter - CFD) on shares, indices, commodities, ETFs, options and foreign exchange.

On 24 July 2013, the Company's shares were listed for trading on the London Stock Exchange in the Company's initial public offering ("IPO").

Plus500UK Limited (hereafter - UK subsidiary or Plus500UK) is a subsidiary of the Company with its main offices located in London, UK. Plus500UK is regulated by the Financial Conduct Authority ("FCA") to offer CFDs.

Plus500AU Pty Ltd (hereafter - AU Subsidiary or Plus500AU) is a subsidiary of the Company with its main office located in Sydney, Australia. Plus500AU has an Australian Securities and Investments Commission ("ASIC") license, a license from the New Zealand regulator, the Financial Markets Authority ("FMA") and a license from the South African regulatory ("FSB").

Plus500CY Ltd (hereafter - CY Subsidiary or Plus500CY) is a subsidiary of the Company with its main offices located in Limassol, Cyprus. Plus500CY has a Cyprus Securities and Exchange Commission ("CYSEC") license.

Plus500IL Ltd (hereafter - IL Subsidiary or Plus500IL) is a subsidiary of the Company with its main offices located in Tel Aviv, Israel. Plus500IL is regulated by the Israeli Securities Authority ("ISA") to offer CFDs to Israeli customers.

Plus500BOS EOOD (hereafter - BG Subsidiary or Plus500BOS) is a subsidiary of the Company located in Sofia, Bulgaria. Plus500BOS provides only operational services and it is not regulated.

The Group is engaged in one operating segment - CFD trading.

The address of the Company's principal offices is Building 25, Matam, Haifa 31905, Israel.

NOTE 2 – BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 - 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS. This condensed consolidated interim financial information is reviewed and not audited.

NOTE 3 – ACCOUNTING POLICIES

Significant accounting policies and computation methods used in preparing the interim financial information are consistent with those used in preparing the 2016 annual financial statements, except for the following:

Income tax in interim periods is recognized based on management's best estimate of the annual income tax rate expected.

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 4 – DIVIDEND

The amounts of dividends and the amounts of dividends per share for the years 2016 and 2017 declared and distribute by the Company's Board of Directors are as follows:

<u>Date of declaration</u>	<u>Amount of dividend in thousands of \$</u>
16 February 2016	72,196
2 September 2016	26,700
5 February 2017	75,000

On 5 February 2017 the Company declared a dividend in amount of \$ 75 million (\$0.6528 per share). The dividend was paid to shareholders on 3 July 2017.

The dividends paid in the year ended 31 December 2016 amounted to \$123.264 million (along with dividend declared on 23 November 2015 in the amount of \$24.368 million and paid to shareholders on 29 February 2016).

Six month payment to 30 June 2016 is \$96.564 million being \$72.196 million plus \$24.368 million and payments in year to December 2016 is \$123.264 million being the \$96.564 million above and \$26.700 million. There are no payments in six months to 30 June 2017.

NOTE 5 – ACQUISITION OF THE COMPANY'S SHARES BY THE COMPANY

On 2 June 2017 the Company announced a proposed share buy back programme (hereafter – the buy back programme) to buy back up to \$10 million worth of the Company's shares.

Share purchases will take place in open market transactions and may be made from time to time depending on market conditions, share price, trading volume and other factors. The Company has appointed Liberum Capital Limited ("Liberum") to manage an irrevocable, non-discretionary share buy back programme to repurchase on its behalf, and within certain parameters. The Company and its directors have no power to invoke any changes to the above programme and they will be conducted at the sole discretion of Liberum.

The buy back programme will run from the date of the announcement to 31 August 2017. The maximum number of shares that may be acquired pursuant to the buy back programme is 11,488,837, which represents 10% of the Company's issued share capital.

The buy back programme will be funded from the Company's current cash balances.

As of 30 June 2017, the Company had acquired 453,661 shares pursuant the buy back programme and spent \$3.2 million.

NOTE 6- EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<u>Six months ended 30 June</u>		<u>Year ended 31 December</u>
	<u>2017</u>	<u>2016</u>	<u>2016</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>U.S. dollars</u>		
Profit attributable to equity holders of the Company	90,709,000	44,500,000	117,242,000
Weighted average number of ordinary shares in issue	114,850,572	114,888,377	114,888,377

Plus500 LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 7- TRADE PAYABLES- DUE TO CLIENTS

	30 June		31 December
	2017	2016	2016
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Customers deposits, net*	72,336	72,758	63,956
Segregated client funds	(71,154)	(72,215)	(62,368)
	1,182	543	1,588

As of 30 June 2017, 2016 and 31 December 2016 the total amount of trade payables due to clients includes bonuses to the clients from all of the subsidiaries.

* Customers deposits, net are comprised of the following:

	30 June		31 December
	2017	2016	2016
	(Unaudited)		(Audited)
	U.S. dollars in thousands		
Customers deposits	99,745	84,430	83,580
Less- financial derivative open positions:			
Gross amount of assets	(34,770)	(17,257)	(25,902)
Gross amount of liabilities	7,361	5,585	6,278
Customers deposits, net	72,336	72,758	63,956

NOTE 8- SUBSEQUENT EVENTS

On 4 August 2017, the Company declared an interim dividend in amount of \$27.21 million (\$0.2387 per share) calculated based on the number of issued shares as of 4 August 2017 and an additional buy back programme to buy back \$27.21 million worth of the Company's shares.

Share purchases will take place in open market transactions and may be made from time to time depending on market conditions, share price, trading volume and other factors. The Company has appointed Liberum to manage an irrevocable, non-discretionary share buy back programme to repurchase on its behalf, and within certain parameters. The Company and its directors have no power to invoke any changes to the above programme and they will be conducted at the sole discretion of Liberum.

The additional buy back programme will run from 7 August 2017 to 1 February 2018. The maximum number of shares that may be acquired pursuant to the two buy back programmes is 11,488,837, which represents 10% of the Company's issued share capital.

The buy back programme will be funded from the Company's current cash balances.